

**Commercial Facilities Company S.A.K.P.  
and Subsidiaries  
State of Kuwait**



شركة التسهيلات التجارية ش.م.ك  
COMMERCIAL FACILITIES CO. S.A.K

**Interim Condensed Consolidated Financial  
Information and Independent Auditors' Review  
Report for the Period from  
1 January to 30 June 2017  
(Unaudited)**

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**Commercial Facilities Company S.A.K.P.  
State of Kuwait**

**INDEPENDENT AUDITORS' REVIEW REPORT TO THE BOARD OF DIRECTORS**

**Report on Review of Interim Condensed Consolidated Financial Information**

*Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Commercial Facilities Company S.A.K.P. ("the Parent Company") and subsidiaries (collectively "the Group") as at 30 June 2017, and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income for the three-month and six-month periods then ended, and the interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended. The management of the Group is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of presentation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

*Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with the basis of presentation set out in note 2.

*Report on Other Legal and Regulatory Requirements*

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Group. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended and its executive regulations, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended during the six-month period ended 30 June 2017 that might have had a material effect on the business of the Group or on its financial position.



**Commercial Facilities Company S.A.K.P.  
State of Kuwait**

**INDEPENDENT AUDITORS' REVIEW REPORT TO THE BOARD OF DIRECTORS (Continued)**


*Report on Other Legal and Regulatory Requirements (Continued)*

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, or of the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority and its related regulations during the six-month period ended 30 June 2017 that might have had a material effect on the business of the Group or on its financial position.



**Bader A. Al-Wazzan**  
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Kuwait  
7 August 2017



**Abdulhussain M. Al-Rasheed**  
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**Commercial Facilities Company S.A.K.P. and Subsidiaries**  
**State of Kuwait**

Interim Condensed Consolidated Statement of Financial Position as at 30 June 2017  
(Unaudited)



		(Unaudited) 30 June 2017 KD'000	(Audited) 31 December 2016 KD'000	(Unaudited) 30 June 2016 KD'000
Notes				
<b>Assets</b>				
Cash and bank balances	3	25,528	39,431	28,152
Other receivables and prepayments		1,490	1,651	1,459
Instalment debtors	4	253,303	256,327	251,684
Financial assets at fair value through profit or loss		7,814	7,152	6,708
Available-for-sale investments	5	30,581	27,999	26,581
Investment in associates	6	13,110	13,030	13,191
Investment property		4,200	4,200	4,358
Property and equipment		2,160	2,243	2,238
<b>Total assets</b>		<b>338,186</b>	<b>352,033</b>	<b>334,371</b>
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Due to banks	3	-	-	445
Trade creditors and other liabilities		5,064	5,455	5,588
Term loans	7	165,030	174,353	161,536
Provision for staff indemnity		3,964	4,227	4,229
<b>Total liabilities</b>		<b>174,058</b>	<b>184,035</b>	<b>171,798</b>
<b>Equity</b>				
Share capital		53,676	53,676	53,676
Share premium		1,433	1,433	1,433
Legal reserve		47,421	47,421	46,566
Voluntary reserve		48,093	48,093	48,093
Fair value reserve		3,552	3,533	2,991
Foreign currency translation reserve		876	1,016	812
Land revaluation reserve		852	852	899
Treasury shares	9	(11,189)	(11,189)	(10,954)
Gain on sale of treasury shares		14	14	14
Retained earnings		19,379	23,149	19,043
Equity attributable to shareholders of the Parent Company		164,107	167,998	162,573
Non-controlling interests		21	-	-
<b>Total equity</b>		<b>164,128</b>	<b>167,998</b>	<b>162,573</b>
<b>Total liabilities and equity</b>		<b>338,186</b>	<b>352,033</b>	<b>334,371</b>

Ali Ibrahim Marafi  
Chairman



Abdallah Saud Abdulaziz Al-Humaidhi  
Vice Chairman and Chief Executive Officer

The accompanying notes 1 to 16 form an integral part of this interim condensed consolidated financial information.



**Commercial Facilities Company S.A.K.P. and Subsidiaries**  
**State of Kuwait**

Interim Condensed Consolidated Statement of Profit or Loss  
– period from 1 January to 30 June 2017 (Unaudited)



		Three-month period ended		Six -month period ended	
		30 June 2017	30 June 2016	30 June 2017	30 June 2016
	Notes	KD'000	KD'000	KD'000	KD'000
Income from instalment credit		4,319	4,292	8,668	8,576
Share of results of associates	6	150	114	268	273
Other income		698	616	1,495	1,267
Rental income from investment property		57	75	138	139
Net gain from investments	10	205	-	671	-
Net foreign exchange gain		119	47	218	254
<b>Total other income</b>		<b>1,229</b>	<b>852</b>	<b>2,790</b>	<b>1,933</b>
Borrowing costs		(1,471)	(1,152)	(2,876)	(2,251)
Staff costs and related expenses		(618)	(617)	(1,291)	(1,228)
General and administrative expenses		(290)	(170)	(587)	(335)
Net losses from investments	10	-	(513)	-	(1,191)
<b>Total other expenses</b>		<b>(2,379)</b>	<b>(2,452)</b>	<b>(4,754)</b>	<b>(5,005)</b>
<b>Profit before provision for credit losses and impairment losses</b>		<b>3,169</b>	<b>2,692</b>	<b>6,704</b>	<b>5,504</b>
Provision for doubtful debts		(886)	(1,042)	(2,111)	(2,146)
Impairment losses on available-for-sale investments	5	-	(44)	-	(44)
<b>Profit before provisions for contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST"), Zakat and Directors' remuneration</b>		<b>2,283</b>	<b>1,606</b>	<b>4,593</b>	<b>3,314</b>
Provision for KFAS		(23)	(16)	(46)	(33)
Provision for NLST and Zakat		(63)	(54)	(131)	(102)
Provision for Directors' remuneration		(27)	(27)	(53)	(53)
<b>Profit for the period</b>		<b>2,170</b>	<b>1,509</b>	<b>4,363</b>	<b>3,126</b>
<b>Attributable to:</b>					
Shareholders of the Parent Company		2,169	1,509	4,362	3,126
Non-controlling interests		1	-	1	-
		<b>2,170</b>	<b>1,509</b>	<b>4,363</b>	<b>3,126</b>
<b>Earnings per share</b>	11	<b>4 Fils</b>	<b>3 Fils</b>	<b>9 Fils</b>	<b>6 Fils</b>

The accompanying notes 1 to 16 form an integral part of this interim condensed consolidated financial information.

**Commercial Facilities Company S.A.K.P. and Subsidiaries**  
**State of Kuwait**

Interim Condensed Consolidated Statement of Profit or Loss and  
Other Comprehensive Income - period from 1 January to 30 June 2017 (Unaudited)



	Three-month period ended 30 June		Six-month period ended 30 June	
	2017	2016	2017	2016
	KD'000	KD'000	KD'000	KD'000
<b>Profit for the period</b>	<u>2,170</u>	<u>1,509</u>	<u>4,363</u>	<u>3,126</u>
<b>Other comprehensive income</b>				
Foreign exchange gain	(79)	(84)	(140)	(137)
Available-for-sale investments				
Change in fair value of available-for-sale investments	(4)	27	19	24
Impairment of available-for-sale investments transferred to the consolidated statement of profit or loss	-	44	-	44
<b>Other comprehensive income for the period</b>	<u>(83)</u>	<u>(13)</u>	<u>(121)</u>	<u>(69)</u>
<b>Total comprehensive income for the period</b>	<u>2,087</u>	<u>1,496</u>	<u>4,242</u>	<u>3,057</u>
<b>Total comprehensive income attributable to:</b>				
Shareholders of the Parent Company	2,086	1,496	4,241	3,057
Non-controlling interests	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>
	<u>2,087</u>	<u>1,496</u>	<u>4,242</u>	<u>3,057</u>

The accompanying notes 1 to 16 form an integral part of this interim condensed consolidated financial information.

**Commercial Facilities Company S.A.K.P. and Subsidiaries**  
**State of Kuwait**



**Interim Condensed Consolidated Statement of Changes in Equity - period from 1 January to 30 June 2017 (Unaudited)**

	Share capital	Share premium	Legal reserve	Voluntary reserve	Fair value reserve	Foreign currency translation reserve	Land revaluation reserve	Treasury shares	Gain on sale of treasury shares	Retained earnings	Total	Non-controlling interest	Total
	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000
<b>Balance at 1 January 2017</b>	53,676	1,433	47,421	48,093	3,533	1,016	852	(11,189)	14	23,149	167,998	-	167,998
Profit for the period	-	-	-	-	-	-	-	-	-	4,362	4,362	1	4,363
Foreign exchange gain	-	-	-	-	-	(140)	-	-	-	-	(140)	-	(140)
Available-for-sale investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in fair value of available-for-sale investments	-	-	-	-	19	-	-	-	-	-	19	-	19
<b>Total comprehensive income for the period</b>	-	-	-	-	19	(140)	-	-	-	4,362	4,241	1	4,242
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	20	20
Dividends (See note 14)	-	-	-	-	-	-	-	-	-	(8,132)	(8,132)	-	(8,132)
<b>Balance at 30 June 2017</b>	53,676	1,433	47,421	48,093	3,552	876	852	(11,189)	14	19,379	164,107	21	164,128
<b>Balance at 1 January 2016</b>	53,676	1,433	46,566	48,093	2,923	949	899	(10,945)	47	24,586	168,227	-	168,227
Profit for the period	-	-	-	-	-	-	-	-	-	3,126	3,126	-	3,126
Foreign exchange gain	-	-	-	-	-	(137)	-	-	-	-	(137)	-	(137)
Available-for-sale investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in fair value of available-for-sale investments	-	-	-	-	24	-	-	-	-	-	24	-	24
Impairment of available-for-sale investments transferred to consolidated statement of profit or loss	-	-	-	-	44	-	-	-	-	-	44	-	44
<b>Total comprehensive income for the period</b>	-	-	-	-	68	(137)	-	-	-	3,126	3,057	-	3,057
Dividends (See note 14)	-	-	-	-	-	-	-	-	-	(8,669)	(8,669)	-	(8,669)
Purchase of treasury shares	-	-	-	-	-	-	-	(70)	-	-	(70)	-	(70)
Sale of treasury shares	-	-	-	-	-	-	-	61	(33)	-	28	-	28
<b>Balance at 30 June 2016</b>	53,676	1,433	46,566	48,093	2,991	812	899	(10,954)	14	19,043	162,573	-	162,573

The accompanying notes 1 to 16 form an integral part of this interim condensed consolidated financial information.



**Commercial Facilities Company S.A.K.P. and Subsidiaries**  
**State of Kuwait**

Interim Condensed Consolidated Statement of Cash Flows  
- period from 1 January to 30 June 2017 (Unaudited)



	Six-month period ended	
	30 June 2017	30 June 2016
	KD'000	KD'000
<b>Operating activities</b>		
Profit before provisions for contribution to KFAS, NLST, Zakat and Directors' remuneration	4,593	3,314
Adjustments for:		
Depreciation	87	63
Decrease in fair value of financial assets at fair value through profit or loss	(800)	1,269
Gain on sale of available-for-sale investments	(55)	(167)
Impairment loss on available-for-sale investments	-	44
Realised loss on financial assets at fair value through profit or loss	184	89
Interest income	(504)	(390)
Dividend income	(969)	(825)
Share of results of associates	(268)	(273)
Provision for staff indemnity	84	89
Provision for doubtful debts, net of released amount	2,111	2,146
Foreign currency exchange gain on investments	-	20
Loss on sale of treasury shares	-	(33)
	4,463	5,346
Increase in instalment debtors	913	(209)
Increase in other receivables and prepayments	181	(80)
Decrease in trade creditors and accrued liabilities	(621)	(1,300)
<b>Cash used in operations</b>	4,936	3,757
Staff indemnity paid	(347)	(5)
Interest received	504	390
Dividends received	969	825
<b>Net cash used in operating activities</b>	6,062	4,967
<b>Investing activities</b>		
Decrease/ (increase) in deposits	6,892	(242)
Purchase of available-for-sale investments	(2,757)	(4,281)
Purchase of investment property	-	(2,619)
Purchase of property and equipment	(4)	(9)
Purchase of financial assets at fair value through profit and loss	(211)	(178)
Proceeds from sale of financial assets at fair value through profit or loss	165	244
Proceeds from sale of available-for-sale investments	109	496
Proceeds from disposal of property and equipment	-	1
Dividend from associate	188	1
<b>Net cash from/ (used in) investing activities</b>	4,382	(6,587)
<b>Financing activities</b>		
(Repayments)/Proceeds of term loans	(9,323)	7,725
Dividends paid	(8,132)	(8,442)
Purchase of treasury shares	-	(70)
Sale of treasury shares	-	61
<b>Net cash used in financing activities</b>	(17,455)	(726)
<b>Net decrease in cash and cash equivalents</b>	(7,011)	(2,346)
Cash and cash equivalents at beginning of the period	18,975	16,005
<b>Cash and cash equivalents at end of the period</b>	11,964	13,659

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The accompanying notes 1 to 16 form an integral part of this interim condensed consolidated financial information.



**Commercial Facilities Company S.A.K.P. and Subsidiaries**  
**State of Kuwait**

Notes to the Interim Condensed Consolidated Financial Information  
- period from 1 January to 30 June 2017 (Unaudited)



**1. Incorporation and principal activities**

Commercial Facilities Company – S.A.K.P. ("the Parent Company") was incorporated on 16 January 1977 in accordance with the Commercial Companies Law in the State of Kuwait. The Parent Company's shares were listed on the Kuwait Stock Exchange on 29 September 1984.

The Parent Company and its subsidiaries (collectively "the Group") have been established to perform the following objectives within and outside the State of Kuwait:

- Providing short and medium term loans to individuals and entities with the aim of financing purchase of vehicles, equipment and home appliances.
- Financing consumer products of raw materials, manufactured or semi-manufactured.
- Providing short, medium and long term loans to individuals to finance the purchase of land and properties.
- Providing operating or financing lease for vehicles and equipment.
- Providing necessary guarantees related to the Parent Company objectives.
- Establishing companies, associated with the original company, specialised in marketing to collaborate with products' agents and insurance companies in return for commission or discount that correlate with the volume of sales and insurance achieved with the agent.
- Investing in real estate, industrial, agricultural and other economic sectors through participation in the establishment of specialised companies or the purchase of their shares.
- Purchasing and selling of financial securities such as shares and bonds for the Parent Company's account being a part of the Parent Company's investment portfolio.
- Acting as intermediary in managing loans and syndicated loans on commission basis.
- Managing investment portfolios on behalf others on commission basis.

The Parent Company cannot open current or saving accounts for others, accept deposits, open letters of credit or represent foreign banks. However, without violating this restriction, the Parent Company can have an interest in or collaborate, by all means, with organisations dealing and involved in similar businesses or those that can support and help achieve its objectives within or outside the State of Kuwait and also has the right to purchase these organisations or make them affiliated entities.

The address of the Parent Company's registered office is P.O. Box 24284, Safat 13103, State of Kuwait.

This interim condensed consolidated financial information was approved for issue by the Board of Directors on 7 August 2017.

**2. Basis of preparation and significant accounting policies**

**2.1 Basis of preparation**

This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard No. 34, Interim Financial Reporting.

This interim condensed consolidated financial information does not include all the information and notes required for full annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as modified for use by the State of Kuwait for financial services institutions regulated by the Central Bank of Kuwait ("CBK"). These regulations require adoption of all IFRSs except for the IAS 39 requirement for collective impairment provision, which has been replaced by the CBK requirements for a minimum general provision.

The interim condensed consolidated financial information has been prepared using the same accounting policies and methods of computation as those used in the preparation of the annual financial statements.



**Commercial Facilities Company S.A.K.P. and Subsidiaries**  
**State of Kuwait**

Notes to the Interim Condensed Consolidated Financial Information  
- period from 1 January to 30 June 2017 (Unaudited)



in IFRS from 1 January 2017. Such changes did not result in any material impact on the accounting policies, financial position or performance of the Group.

In the opinion of management, all adjustment consisting of normal recurring accruals considered necessary for a fair presentation have been included. The operating results for the six-month period ended 30 June 2017 are not necessarily indicative of the results that may be expected for the year ending 31 December 2017.

**2.2 Judgement and estimates**

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. The actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2016.

**3. Cash and bank balances**

	(Unaudited) 30 June 2017	(Audited) 31 December 2016	(Unaudited) 30 June 2016
	KD'000	KD'000	KD'000
Cash on hand	6	2	8
Bank balances	5,709	4,973	1,080
Deposits	19,813	34,456	27,064
	25,528	39,431	28,152
Less: Deposits with original maturity over three months	(13,564)	(20,456)	(14,048)
Less: Due to banks (Bank overdrafts)	-	-	(445)
Cash and cash equivalents as per consolidated statement of cash flows	11,964	18,975	13,659

The Group's deposits with local banks, denominated in KD, amount to KD 2,000 thousand (31 December 2016: KD 17,000 thousand and 30 June 2016: KD Nil) and those denominated in USD and LBP with foreign banks based in the Middle East amount to KD 17,813 thousand (31 December 2016: KD 17,456 thousand and 30 June 2016: KD 27,064 thousand). These deposits yield interest ranging from 1.50% to 6.45% (31 December 2016: 1.13% to 6.45% and 30 June 2016: 1.22% to 6.45% per annum).

**4. Instalment debtors**

The average interest rate earned from instalment credit for the six-month period ended 30 June 2017 was 4.25% per annum (31 December 2016: 4.24% and 30 June 2016: 4.15% per annum).

**5. Available-for-sale investments**

	(Unaudited) 30 June 2017	(Audited) 31 December 2016	(Unaudited) 30 June 2016
	KD'000	KD'000	KD'000
Investments carried at fair value	29,759	27,087	25,320
Investments carried at cost	822	912	1,261



**Commercial Facilities Company S.A.K.P. and Subsidiaries**  
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It was not possible to reliably measure the fair value of certain available-for-sale investments due to lack of reliable measures to determine the fair value of such investments. Accordingly they are stated at cost less impairment losses, if any.

Impairment losses recognised in the consolidated statement of profit or loss amounted to KD Nil (31 December 2016: KD 274 thousand and 30 June 2016: KD 44 thousand).

**6. Investments in associates**

Investments in associated companies are as follows:

Name of associate	Place of incorporation and operation	Proportion of ownership interest 2016 and 2017	Principal activity
Real Estate Facilities Investment Company K.S.C.C.	Kuwait	26.43%	Finance of real estate
Priority Automobile Company K.S.C.C.	Kuwait	44.56%	Renting and leasing of luxury cars

The summarised financial information in respect of the Group's associates is set out below:

	2017	2016
	KD'000	KD'000
Total assets	52,228	50,885
Total liabilities	(12,361)	(11,298)
Net assets	39,867	39,587
Group's share of associates' net assets	13,110	13,191
Revenues	5,455	4,584
Profit for the period	874	832
Group's share of results of associates	268	273

**7. Term loans**

	(Unaudited) 30 June 2017	(Audited) 31 December 2016	(Unaudited) 30 June 2016
	KD'000	KD'000	KD'000
Loans denominated in KD	134,225	135,708	130,358
Loans denominated in USD	30,805	38,645	31,178
	165,030	174,353	161,536

During the period, the Group obtained KD loans amounting to KD 10 million (31 December 2016: KD 67 million and 30 June 2016: KD 37 million) and USD loans amounting to USD Nil (31 December 2016: USD 50 million and 30 June 2016: USD Nil).

The weighted average interest rate on KD loans outstanding at 30 June 2017 was 3.64% per annum and on USD loans was 2.72% per annum (31 December 2016: 3.47% per annum and 2.42% per annum respectively and for 30 June 2016: 3.23% per annum and 2.23% per annum respectively).

The Group's outstanding term loans at 30 June 2017 are borrowed under floating rate agreements. The interest rates were determined at normal commercial rates available from the debt market on an arm's length basis. The Group has assigned customer contracts amounting to KD 208,301 thousand (31 December 2016: KD 222,157 thousand and 30 June 2016: KD 214,249 thousand) as security over 16 term loans (31 December 2016: 16 term loans and 30 June 2016: 16 term loans) with balances outstanding of KD 149,880 thousand (31 December 2016: KD 150,000 thousand and 30 June 2016: KD 149,880 thousand).

**Commercial Facilities Company S.A.K.P. and Subsidiaries**  
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Notes to the Interim Condensed Consolidated Financial Information  
- period from 1 January to 30 June 2017 (Unaudited)



**At 31 December 2016 (Audited)**

Profit before provisions for contribution to KFAS,  
NLST, Zakat and Directors' remuneration

	7,421	1,129	8,550
Total assets	313,623	38,410	352,033
Total liabilities	(145,390)	(38,645)	(184,035)
Net assets employed	168,233	(235)	167,998

**At 30 June 2016 (Unaudited)**

Profit before provisions for contribution to KFAS,  
NLST, Zakat and Directors' remuneration

	2,449	865	3,314
Total assets	287,270	47,101	334,371
Total liabilities	(121,393)	(50,405)	(171,798)
Net assets employed	165,877	(3,304)	162,573

**13. Commitments**

	(Unaudited) 30 June 2017 KD'000	(Audited) 31 December 2016 KD'000	(Unaudited) 30 June 2016 KD'000
Capital commitments	44	45	44

**14. Annual general assembly**

The shareholder's annual general assembly held on 16 April 2017 approved the audited consolidated financial statements of the Group for the year ended 31 December 2016 and the payment of cash dividend of 16 fils (2015: 17 fils) per share to the shareholders on record as of the date of the annual general assembly amounting to KD 8,132 thousand (2015: KD 8,669 thousand).

**15. Financial risk management**

All aspects of the Group's financial risk management objectives and policies are consistent with that disclosed in the annual audited consolidated financial statements for the year ended 31 December 2016.

**16. Fair value of financial instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group's financial assets are measured at fair value at the end of each reporting period. The following tables gives information about how the fair values of these financial assets are determined.

**Fair value hierarchy**

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 : valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).



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30 June 2017 (Unaudited)					
	Level 1	Level 2	Level 3	Total	
	KD'000	KD'000	KD'000	KD'000	
<b>Financial assets at fair value through profit or loss</b>					
Quoted equity	7,814	-	-	7,814	
<b>Available-for-sale investments</b>					
Debt securities	-	7,734	-	7,734	
Managed funds	-	-	249	249	
Equity participations	-	-	21,776	21,776	
	<u>7,814</u>	<u>7,734</u>	<u>22,025</u>	<u>37,573</u>	
31 December 2016 (Audited)					
	Level 1	Level 2	Level 3	Total	
	KD'000	KD'000	KD'000	KD'000	
<b>Financial assets at fair value through profit or loss</b>					
Quoted equity	7,152	-	-	7,152	
<b>Available-for-sale investments</b>					
Debt securities	-	7,748	-	7,748	
Managed funds	-	-	259	259	
Equity participations	-	-	19,080	19,080	
	<u>7,152</u>	<u>7,748</u>	<u>19,339</u>	<u>34,239</u>	
30 June 2016 (Unaudited)					
	Level 1	Level 2	Level 3	Total	
	KD'000	KD'000	KD'000	KD'000	
<b>Financial assets at fair value through profit or loss</b>					
Quoted equity	6,265	443	-	6,708	
<b>Available-for-sale investments</b>					
Debt securities	-	7,731	-	7,731	
Managed funds	-	-	294	294	
Equity participations	-	-	17,295	17,295	
	<u>6,265</u>	<u>8,174</u>	<u>17,589</u>	<u>32,028</u>	
Fair value hierarchy					
Financial assets	Fair value as at			Fair value Hierarchy	Sector
	30 June 2017	31 December 2016	30 June 2016		
	KD'000	KD'000	KD'000		
Financial assets at fair value through profit or loss - Quoted securities	6,303	6,564	5,752	Level 1	Financial Institutions
	530	555	482	Level 1	Real estate
	981	33	31	Level 1	Retail
	<u>7,814</u>	<u>7,152</u>	<u>6,265</u>		



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Financial assets at fair value through profit or loss - <i>Unquoted funds</i>	-	-	443	Level 2	Real estate
Available-for-sale investments - <i>Unquoted debt</i>	7,034	7,048	7,031	Level 2	Financial Institutions
	700	700	700	Level 2	Real estate
	<u>7,734</u>	<u>7,748</u>	<u>8,174</u>		
Available for sale investments - <i>Unquoted funds</i>	79	80	113	Level 3	Media & technology
	124	130	128	Level 3	Real estate
	47	49	53	Level 3	Retail
Available for sale investments - <i>Unquoted securities</i>	13,107	10,386	9,743	Level 3	Real estate
	6,460	6,472	6,225	Level 3	Financial Institutions
	2,033	2,059	1,327	Level 3	Service
	175	163	-	Level 3	Media & technology
	<u>22,025</u>	<u>19,339</u>	<u>17,589</u>		
	<u>37,573</u>	<u>34,239</u>	<u>32,028</u>		

Movement in level 3 available-for-sale investments (Unquoted securities) is as follows:

	(Unaudited) 30 June 2017 KD'000	(Audited) 31 December 2016 KD'000	(Unaudited) 30 June 2016 KD'000
Opening balance	19,339	14,818	14,818
Total gain or losses:			
- in profit or loss	46	284	16
- in other comprehensive income	(132)	334	9
Purchases/ transfers	2,871	4,422	3,171
Sales	(99)	(519)	(425)
Closing balance	<u>22,025</u>	<u>19,339</u>	<u>17,589</u>

The fair values of equity investments are obtained from quoted market prices and other models as appropriate.

Valuation techniques include observable market information of comparable companies and net asset values. Significant unobservable inputs used in valuation techniques mainly include market multiples such as price to book and price to earnings. The most significant unobservable inputs used is the illiquidity discount in the level 3 hierarchy.

Other financial assets and liabilities are carried at amortised cost and the carrying values are not materially different from their fair values.

A sensitivity analysis on fair value estimations, by varying input assumptions by a reasonable margin, did not indicate any material impact on the interim consolidated statement of financial position or consolidated statement of profit or loss.